

Information on Washington's Tax Structure



Electronic Funds Transfer

PAYMENT OF TAXES BY ELECTRONIC FUNDS TRANSFER (EFT)

WHAT IS EFT?

EFT is the transfer of funds initiated by electronic means. It authorizes a financial institution to debit or credit bank accounts. Taxes due on the Combined Excise Tax Return may be paid by EFT.

Why EFT?

In 1990, the Legislature directed the Department to implement the EFT program. EFT is less costly than manual check processing, and is quick and convenient. It also allows the state to better manage incoming revenue.

Who Must Pay By EFT?

As of January 1992, all businesses that have an annual tax liability of \$240,000 or more must pay their excise taxes by EFT. The Department will notify businesses that are required to pay by EFT at least three months in advance.

Who May Pay By EFT?

Businesses may voluntarily pay by EFT after contacting the Department and completing an authorization form.

When is Payment Due?

The funds must be deposited in the Department's account by the first banking day following the tax return due date. The tax return must still be mailed by the regular due date. Penalties will be assessed if payment is not received timely.

How are Payments Made?

The options for payment by EFT are: Automated Clearing House (ACH) Debit, ACH Credit and Fedwire. Fedwire transactions are only accepted in emergency situations.

In most cases, the Department recommends that businesses use the ACH Debit option. This option provides four ways to initiate the transaction: voice, touchtone, terminal, or by electronic filing (ELF). A comparison of the two ACH options is shown on the other side of this publication.

What is an ACH Debit?

An ACH Debit is an electronic transaction in which the business authorizes the Department's financial institution to withdraw funds from the business' account and deposit them to the Department's account. The business initiates and specifies the amount and date of the withdrawal.

What is an ACH Credit?

An ACH Credit is an electronic transaction in which the business authorizes its financial institution to send funds to the Department's account.

Whom Do I Contact For Further Information?

Please contact the Department of Revenue at:

Taxpayer Account Administration
PO Box 47476
Olympia, Washington 98504-7476

You may also call (360) 902-7170.

ACH DEBIT

This is What Happens:

- Using passwords assigned by the Department's bank, the taxpayer calls the ACH network. The call must be made no later than 5:00 p.m. Pacific Time on the last banking day before the payment due date. *
- The taxpayer gives information to the ACH network about the tax payment.
- The ACH network gives a verification number to the taxpayer.
- The taxpayer mails (unless filing electronically) the Combined Excise Tax Return on or before the return due date.
- On the transaction's effective date, funds are electronically withdrawn from the taxpayer's bank account and deposited in the Department of Revenue's bank account.

Features:

- No additional cost to the taxpayer.
- Simple one-step process for the taxpayer.
- Requires no additional programming or special equipment.
- The taxpayer may arrange the transaction ahead of time, with the transfer of funds occurring on a future date. This is called "warehousing."
- The password assigned by the Department's bank provides security to the taxpayer.
- Very low error rate.
- The Department is responsible for tracing errors if they occur.

ACH CREDIT

This is What Happens:

- Before the payment due date, the taxpayer instructs its bank to originate an ACH Credit to the Department of Revenue's account. The funds must be transferred on or before the payment due date. *
- The taxpayer must use a banking convention called a CCD+ addenda record, including the TXP format, to transmit the payment information. Taxpayers should contact their bank before choosing the ACH Credit option.
- The taxpayer mails (unless filing electronically) the Combined Excise Tax Return on or before the return due date.
- Funds are electronically withdrawn from the taxpayer's bank account and deposited in the Department of Revenue's bank account.

Features:

- Inexpensive transmission costs.
- The ACH Credit transaction may be added to the taxpayer's existing ACH payment system.
- The taxpayer maintains and accepts responsibility for the ACH transaction.
- The taxpayer assumes responsibility for tracing errors if they occur.

* *REFER TO THE EFT DUE DATE FLYER FOR THE PAYMENT DUE DATES.*



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